



Trade Currents Navigator



December 2024

In Partnership With



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Introduction

Significant uncertainties are likely to continue affecting U.S. container trade volumes in 2024 and beyond, including U.S. economic developments and global conflicts. However, there may also be some return to pre-COVID long-term trends in 2024 and thereafter. The Navigator highlights these long-term trends for commodities that have represented large growth or declines in volumes and notes how projected volumes may be expected to return to long-term trends. The December 2024 edition of the Trade Currents Navigator examines U.S. containerized trade, focusing on:

- 1) Economic indicators that drive trade demand (from U.S. Bureau of Economic Analysis data)
- 2) The top commodities that have contributed to increases or decreases in containerized imports and exports (from U.S. Census Bureau data reported through October 2024)

The granular data used to measure real containerized trade volumes by commodity is in weight terms as reported by the Census Bureau. Commodities are defined by Harmonized System codes (see Appendix). Recent trade volumes are compared with historic trends and seasonal patterns to offer insights into how they may return to those trend levels and seasonality through 2024 and 2025.

Trade Currents

Trade Currents was created to improve the understanding of U.S. international goods trade. The founding partners include internationally recognized economists and trade analysts Walter Kemmsies, Andrei Roudoi, and Scudder Smith. Trade Currents is a partner with AAPA in support of its Port Statistics Program to benefit ports, as well as the broader trade and logistics industry, research community, policymakers, and private institutions. Contact us at Walter.Kemmsies@tradecurrents.com, Andrei.Roudoi@tradecurrents.com, or Scudder.Smith@tradecurrents.com.

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Executive Summary

Macroeconomic Factors:

- Consumer spending has remained strong despite the Federal Reserve (Fed) hiking interest rates in 2023. Construction has not held up as well except for expenditures on new manufacturing facilities, which in the third quarter of 2024 were double the quarterly average from 2019 to 2022.
- It is likely that real consumer spending on goods will gradually approach the long-term growth trend and residential and non-residential investment in structures will continue recovering, driving demand for imported housing fixtures, furniture, construction materials, and manufacturing equipment.

Imports:

- In 2023, containerized import volumes declined 12.9% from 2022, with furniture and wood accounting for almost a quarter of the total decline.
- However, volumes have been rebounding. In the first ten months of 2024 they grew 9.2%. On the negative side, in August-October 2024 monthly imports were, on average, 0.6% below the normal seasonal pattern. Also, in October imports grew 4.3% versus the prior year, the lowest rate since January.
- Containerized import growth was mainly driven by a rebound in commodities whose volumes declined in 2024, such as plastics, furniture, and articles of iron and steel. Rising containerization played the main role in the rebound of containerized imports of articles of iron and steel.
- In 2024 as a whole, a 9.2% increase in volumes is expected, with the top commodities except machinery growing by double-digits. Growth is projected to slow to 2.1% in 2025. Imports of some commodities that grew rapidly in 2024, such as electrical machinery and toys, will likely decline in 2025.

Exports:

- In 2023, annual containerized export volumes fell 3.5%, continuing a negative trend that started in 2019. Waste paper was the main contributor to the decline.
- Exports rebounded in January-October 2024, rising 4.8% year-over-year. However, in October, exports fell 7.3% year-over-year, the first drop in 2024. Also on the negative side, in August-October 2024 monthly exports were, on average, 4% below the normal seasonal pattern.
- Brewing and distilling waste became the top containerized export commodity in the first ten months of 2024, replacing polyethylene in primary forms. Waste paper again posted the most substantial decline.
- Higher containerization rates added three percentage points to growth in January-October 2024.
- Exports will likely grow 2.8% in 2024 but fall 0.8% in 2025. Exports of most commodities that increased significantly in 2024 are projected to decline in 2025. Exceptions include soybeans and polyethylene in primary forms. At the same time, the fall in waste paper exports is expected to be less steep in 2025.

Key Risk Factors:

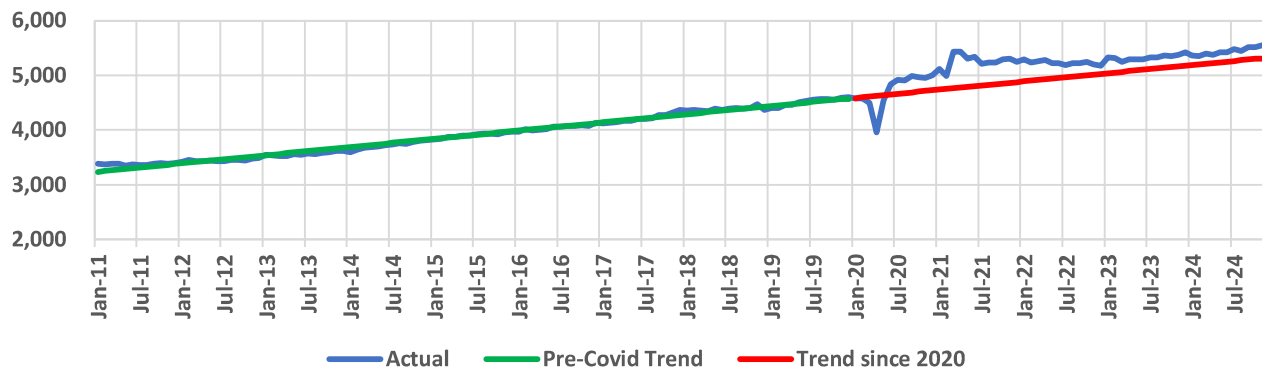
- Tariffs that may be introduced by the new U.S. administration and counter tariffs introduced in retaliation to U.S. tariffs could lead to trade volumes below projections. Particularly, trade with China is in danger. At the same time, tariff expectations may boost trade in the short term, before tariffs may be introduced.
- A worsening geopolitical situation, including the spread of the Middle East conflict and rising tensions with China, could also dampen trade volumes.
- The Fed reduced the federal funds rate by 0.25 percentage points in December 2024. Overall, in 2024, the rate was cut by one percentage point. Although the rate is currently expected to be reduced twice in 2025, the pace of monetary policy relaxation is uncertain as it depends on inflation and economic growth.
- Volatility in containerization rates is also a risk to volume projections, both positive and negative, with exports more likely to switch between bulk and containerized shipment than imports.

Macroeconomic Developments

Consumer Spending:

- As a result of stimulus funding and changes in consumer spending patterns, real consumer spending on goods has been consistently above the long-term pre-COVID trend since June 2020. The gap above the trend was 4% during every month in the fall of 2024, up from 3% in August.
- The U.S. labor market remains strong. It added 277 thousand jobs in November 2024, exceeding economists’ projections. Also, September and October job increases were revised upwards. The unemployment rate inched up from 4.1% to a still low 4.2%. Barring sharp growth in unemployment, spending on goods will likely gradually approach the trend without a substantial drop.
- In addition, a revival in spending on services could boost imports of food and beverages for restaurant consumption, as well as goods related to travel.

Real Consumer Spending on Goods, billions of 2017 dollars, seasonally adjusted at annual rates



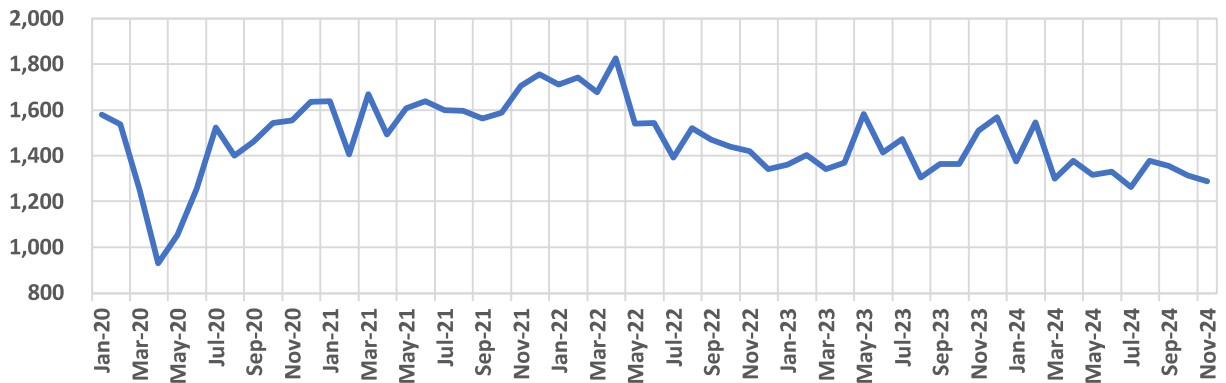
Sources: Bureau of Economic Analysis, Trade Currents estimates

Fixed Investment:

- While the Federal Reserve’s monetary policy has not reduced consumer spending to pre-pandemic trend levels, it has had a major negative impact on fixed investment.
- Real residential investment boomed during the COVID pandemic. The boom lasted through the first half of 2022, but residential investment then dropped steeply. By the first quarter of 2023, it fell to a level not seen since 2015. Residential investment rose a sluggish 2% year-over-year in the third quarter of 2024. It was still 15% less than the peak in the first quarter of 2021.
- There was no pandemic-related boom for real non-residential investment.
- Following a sharp drop in the first half of 2020, real non-residential investment in equipment trended upwards, reaching the pre-COVID high of the second quarter of 2019 in the second quarter of 2023. In the third quarter of 2024, it rose a robust 5% year-over-year.
- Real non-residential investment in structures fell sharply during the pandemic. By the fourth quarter of 2021, this investment contracted to the lowest level since 2013. However, from the first quarter of 2022, it trended upwards, reaching an all-time peak in the second quarter of 2024, before falling in the third quarter.
- Residential investment in structures has substantial growth potential that could be limited if interest rates remain high, but potential for investment in equipment is more problematic.

- Seasonally adjusted housing starts increased every month between August and December 2023, but by November 2024 they fell 18% from the December level. Nevertheless, the residential investment outlook is favorable, depending on the pace of monetary policy relaxation.
- The prospects of growth in non-residential investment in structures have increased primarily due to increases in construction of manufacturing facilities, as the U.S. seeks to repatriate production, including the manufacturing of autos, computer components, and healthcare-related products.
- A recovery in investment in structures would positively affect imports of building materials, appliances, furniture, and other furnishings.
- Year-over-year investment growth in two major equipment categories – computers and aircraft – was especially robust in the third quarter of 2024. In contrast, investment in construction machinery, which grew strongly in 2021-2023, sharply declined in the third quarter of 2024.

New Privately-Owned Housing Units Started, thousands, seasonally adjusted at annual rates

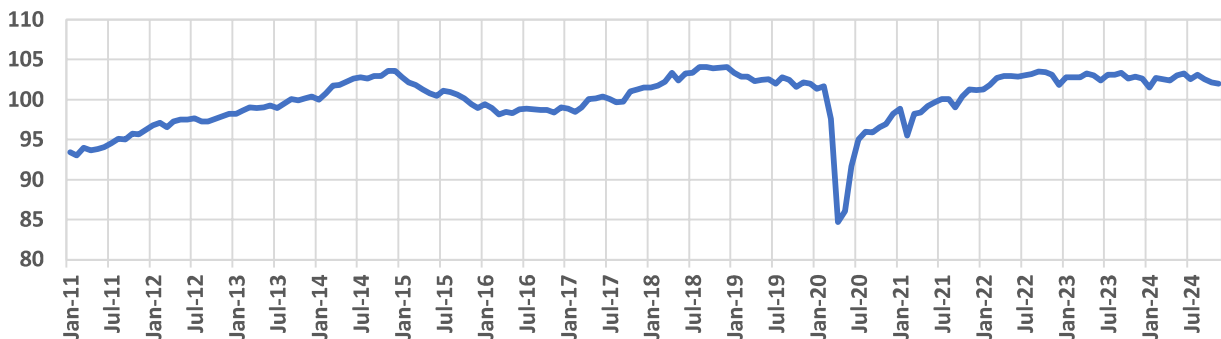


Source: Federal Reserve Bank of St. Louis Economic Database (FRED)

Industrial Production:

- Real industrial production has been on a slight downward trend that started in the fall of 2022, following a long recovery from the slump at the beginning of the COVID pandemic.
- Industrial production decreased slightly every month during the fall of 2024. In November, it was 2.1% below the all-time peak reached in September 2018 and 1.5% less than the post-COVID peak in September 2022. Production will likely begin trending upward, boosted by recent investment and retailers’ inventories being trimmed back to more sustainable levels compared to sales.

Real Industrial Production, index numbers (2017 = 100), seasonally adjusted



Source: Federal Reserve Bank of St. Louis Economic Database (FRED)

Containerized Imports

Outlook:

- Monthly imports are expected to trend downward through February 2025, a typical seasonal low, and then rise by May 2025.
- Volumes fell 12.9% in 2023 but will likely grow 9.2% in 2024. Growth is expected to slow to 2.1% in 2025.

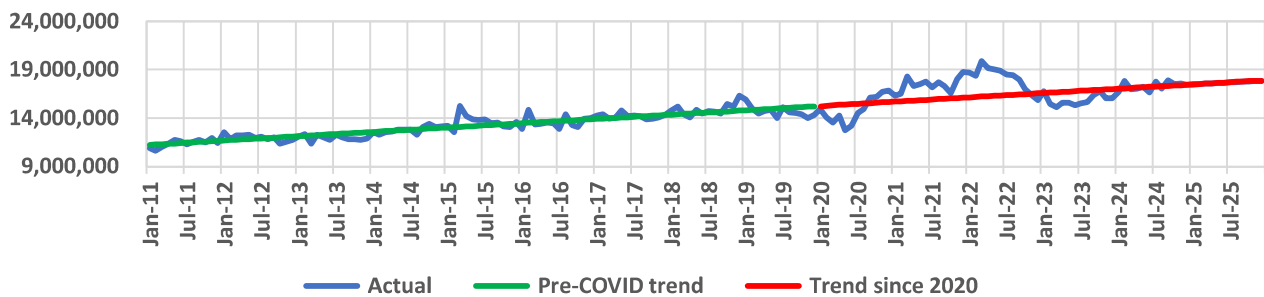
Outlook Background:

- Containerized imports declined in the second half of 2022, as the stimulus funding impact diminished and monetary policy tightened. However, volumes have been rebounding. In the first ten months of 2024, they increased 9.2% year-over-year.
- On the negative side, in August-October 2024 monthly imports were, on average, 0.6% below the normal seasonal pattern. Also, the seasonally adjusted volume gap above the long-term pre-COVID trend narrowed from 2.9% in July to 0.7% in October.

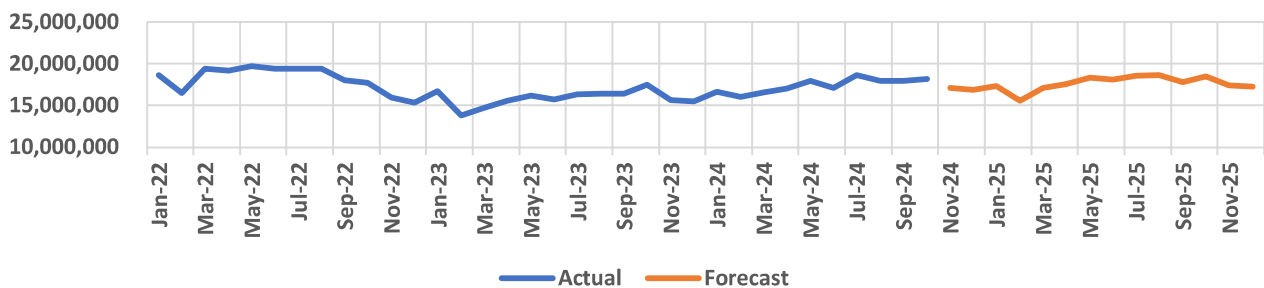
Key Risks:

- Tariffs that may be introduced by the new U.S. administration and counter tariffs introduced in retaliation to U.S. tariffs could lead to trade volumes below projections. Particularly, imports from China, which accounted for 44% of the total containerized import increase in January-October 2024, are in danger.
- A worsening geopolitical situation, including the spread of the Middle East conflict and rising tensions with China, could also dampen trade volumes.
- The pace of monetary policy relaxation may have an impact on imports, either positive or negative.
- Containerization volatility and changes in competition with overland shipments from Canada and Mexico could reduce or increase containerized import volumes from current projections.

Total Containerized Imports, seasonally adjusted, metric tons



Total Containerized Imports, not seasonally adjusted, metric tons



Principal Commodities - Import Volumes

- Plastics contributed the most to the containerized import increase in the first ten months of 2024. Other top growth commodities include furniture; articles of iron or steel; machinery (electrical and non-electrical); toys; wood (excluding continuously shaped); glass; and motor vehicle parts. Except for electrical machinery, the top growth commodities rebounded following sharp drops in 2023.
- Import growth was relatively broad-based. Year-over-year growth occurred for 801 four-digit HS commodities versus 419 commodities with declines. However, the top three commodities, whose share in total U.S. containerized volumes was 20% in the ten months of 2023 played a disproportionately significant role, accounting for a third of the year-over-year increase in total containerized imports in the same period of 2024.
- Apparel and footwear, important consumption commodities, are included as commodities in spotlight. Their imports grew slowly before the COVID pandemic, rose in 2021-2022, but in 2023 plunged below 2019 levels. In 2024, apparel and footwear import growth accelerated as the year progressed. However, it did not compensate for the 2023 decline, and in absolute terms the 2024 increase was moderate.
- Commodities with major volume declines in the first ten months of 2024 include salt and wood, continuously shaped. The 2024 declines followed significant drops in 2023 for both commodities.
- Changes in containerization rates added half a percentage point to growth in January-October 2024.

Containerized Imports

Commodity	Thousands of metric tons			Year-over-year growth rates			
	Jan-Oct 2023	Jan-Oct 2024	Difference	2023	Jan-Oct 2024	2024	2025
Total commodities	159,205	173,796	14,591	-13%	9%	9%	2%
Top growth commodities in January-October 2024							
Plastics	10,669	12,579	1,910	-11%	18%	17%	0%
Furniture	9,964	11,688	1,724	-18%	17%	17%	11%
Electrical machinery	10,995	12,111	1,116	6%	10%	8%	-7%
Articles of iron or steel	7,430	8,498	1,069	-12%	14%	13%	3%
Machinery, excl. electrical	11,937	12,899	963	-8%	8%	8%	1%
Toys, games, and sports equipment	3,710	4,277	567	-8%	15%	16%	-3%
Wood, excl. continuously shaped	5,051	5,615	564	-21%	11%	10%	12%
Glass and glassware	2,024	2,543	519	-27%	26%	25%	15%
Motor vehicle parts	4,357	4,806	449	-16%	10%	10%	0%
Commodities with major volume declines in January-October 2024							
Wood, continuously shaped	922	722	-200	-60%	-22%	-19%	2%
Salt	2,261	1,599	-662	-39%	-29%	-25%	1%
Commodities in spotlight							
Apparel	3,950	4,127	177	-21%	4%	6%	8%
Footwear	1,306	1,412	106	-27%	8%	9%	11%